



# Our Standards of Business Conduct 2024

# Contents

## Introduction



- 3 Message from Tadeu Marroco
- 4 Message from David Waterfield
- 5 Our Purpose and Ethos
- 6 The Way We Work
- 9 The Role of Line Managers
- 10 Using Your Own Ethical Judgment

## Speak Up



- 12 Speak Up

## Social and Environment



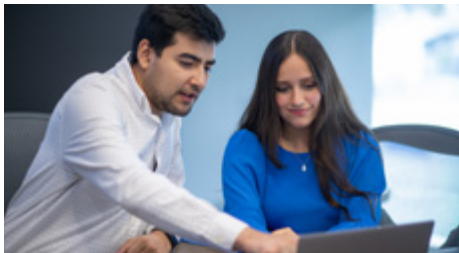
- 16 Our People: Respect in the Workplace
- 18 Human Rights
- 21 Health, Safety and Welfare
- 23 Environment

## Personal and Business Integrity



- 26 Conflicts of Interest
- 30 Anti-Bribery and Corruption
- 32 Gifts and Entertainment (G&E)

## External Stakeholders



- 37 Lobbying and Engagement
- 39 Political Contributions
- 41 Community Investments

## Corporate Assets and Financial Integrity



- 45 Accurate Books and Records
- 48 Protection of Corporate Assets
- 51 Data Privacy, Ethics and Artificial Intelligence
- 52 Cybersecurity, Confidentiality and Information Security
- 55 Insider Dealing and Market Abuse

## National and International Trade



- 58 Competition and Antitrust
- 62 Sanctions and Export Controls
- 64 Anti-Illicit Trade
- 66 Anti-Tax Evasion and Anti-Money Laundering

## Glossary



- 71 Glossary Terms

- 1. Introduction
- 2. Speak Up
- 3. Social and Environment
- 4. Personal and Business Integrity
- 5. External Stakeholders
- 6. Corporate Assets and Financial Integrity
- 7. National and International Trade
- 8. Glossary

# 1

# Introduction

- 3 **Message from Tadeu Marroco**
- 4 **Message from David Waterfield**
- 5 **Our Purpose and Ethos**
- 6 **The Way We Work**
- 9 **The Role of Line Managers**
- 10 **Using Your Own Ethical Judgment**





# Message from Tadeu Marroco

**Transforming our business in the right way is of the utmost importance to me.**

This means we have a responsibility to be principled and transparent with each other, our suppliers, our consumers, as well as the communities within which we operate.

Our ethos and values are behaviors that we live by. Our Standards of Business Conduct (SoBC) support us by setting out the standards we expect of ourselves and our colleagues. Our unwavering commitment to integrity, and to delivering business results responsibly, is nonnegotiable.

I believe in collaboration, trust, and creating safe spaces for people to question and challenge without fear of reprisal. That means supporting and trusting colleagues to do their jobs responsibly, and raising concerns about wrongdoing. I want you to feel confident that you will be supported, and that your voice will be heard.

Please take time to read and understand our SoBC, and ensure you follow the rules as we work together to transform our business, and build **A Better Tomorrow™**.

**Tadeu Marroco**  
Chief Executive  
January 2024



# Message from David Waterfield

Consumers choose us for our great products, brands they can trust, and an organization they can believe in. As a leader in our industry, we have a responsibility to be principled and transparent, with our regulators, our partners, our consumers, as well as the communities within which we operate. Our Standards of Business Conduct (SoBC) helps to guide us and set out what we expect of ourselves and our colleagues.

As CEO, I expect that all employees of Reynolds American Inc. and its subsidiaries (Reynolds) champion the highest ethical standards – which are articulated in our Reynolds American group Standards of Business Conduct (SoBC).

Employees of Reynolds are encouraged to speak up and raise concerns about wrongdoing without fear or reprisals, and should feel confident that they will be supported, and that their voice will be heard.

In addition to the SoBC, this document includes links to information regarding the Speak Up hotline and portal – an employee resource to report violations of the SoBC with the option to remain anonymous.

Delivering business results responsibly, in compliance with laws and regulations, and treating each other and our stakeholders with respect, is nonnegotiable. Reynolds American and its subsidiaries will maintain an unwavering commitment to integrity as we work together to transform our business and build **A Better Tomorrow™**.

## David Waterfield

President and CEO of Reynolds American Inc.

January 2024



# Our Purpose and Ethos

Our purpose is bold:  
to build **A Better Tomorrow™**

We will do this by reducing the health impact of our business, through a multi-category portfolio of noncombustible products tailored to meet the preferences of adult consumers.

## Our Culture We deliver results with integrity

The way we work is underpinned by a collective commitment to deliver our business results with high standards of integrity, which are understood and upheld by everyone across the business.

## Our Ethos Sets out our values

A key driver to delivering A Better Tomorrow™ is our ethos, which guides our culture and behaviors across the entire Group, ensuring an organization that is future-fit for sustainable growth. These five key behaviors are **bold**, **fast**, **empowered**, **diverse**, and **responsible**.



## Our SoBC Guides our behaviors

The values and behaviors expressed by our ethos are enshrined in our **Standards of Business Conduct (SoBC)**, which set out the high standards of integrity we are committed to upholding.





# The Way We Work

Our Standards of Business Conduct is a global policy of British American Tobacco, expressing the high standards of integrity we are committed to upholding.

## Local Versions of the SoBC

Each operating company in the Group must adopt the SoBC. If a Group Company wishes to implement its own version of the SoBC, it must be at least as stringent as this SoBC, and must be noted by the Global Legal Affairs Team following support and presentation by the applicable Regional Head of Legal Affairs, and further acknowledged in writing by the AGC Business Integrity and Compliance. If the SoBC conflicts with local laws, then the local laws take precedence.

## SoBC Priority

In the event of a conflict or inconsistency between the SoBC (or local version, if applicable) and any other document issued by a Group Company (including employment contracts), the terms of the SoBC (or local version, if applicable) will prevail. The terms of all policies and procedures referred to in the SoBC (or local version, if applicable) are mandatory for all Employees of BAT.

Our Delivery with Integrity global compliance program promotes an ethical culture and communicates expected behaviors as set out in our SoBC. At BAT, we recognize that the most stable and lasting relationships are based on trust and transparency.

For this reason, we always strive for our communication and marketing initiatives to be responsible across all channels, paying close attention to how, what and with whom we communicate; for marketing communications, this is governed by our **Responsible Marketing Principles (RMP)**, which are independent from the SoBC.

## Commitment to Integrity

We must comply with the SoBC (or local equivalent) and all laws and regulations which apply to Group Companies, our business and to ourselves. We must always act with high standards of integrity.

Our actions must always be lawful. Having integrity goes further. It means that our actions, behavior, and how we do business must be responsible, honest, sincere, and trustworthy.

**We must all know, understand, and follow the SoBC or local equivalent.**

The SoBC applies to all Employees of BAT, its subsidiaries and joint ventures which BAT controls. If you are a contractor, secondee, trainee, agent, or consultant working with us, we ask that you act consistently with the SoBC and apply similar standards within your own organization. The SoBC is complemented by the **BAT Supplier Code of Conduct**, which defines the minimum standards we expect our Suppliers to adhere to, and is incorporated into our contractual arrangements.

## Duty to Report a Breach

We have a duty to report any suspected wrongdoing in breach of the SoBC or the law. We should also report any such conduct by third parties working with the Group.

Be assured that BAT will not tolerate any retaliation against people who raise concerns or report suspected breaches of the SoBC or unlawful conduct.

## Consequences of a Breach

Disciplinary action will be taken for conduct that breaches the SoBC or is illegal, including termination of employment for particularly serious breaches.

Breaches of the SoBC, or the law, can have severe consequences for the Group and those involved. If conduct may have been criminal, it might be referred to the authorities for investigation and could result in prosecution.

## SoBC Annual Confirmation and Training

Every year, all of our Employees and Group entities must formally confirm that they have complied with the SoBC and complete training.

Employees do so as part of our annual SoBC sign-off, when we reaffirm our commitment and adherence to the SoBC, and are reminded to declare or re-declare any personal conflicts of interest for the sake of transparency.

New joiners undertake a mandatory induction covering our SoBC, including Lobbying and Engagement, and are asked to disclose conflicts of interest.

Our Group entities do so within Control Navigator, in which they confirm that their business unit or market has adequate procedures in place to support SoBC compliance.



---

## Safe and Secure Environment

Group Companies are responsible for maintaining the safety of our people and the security of assets, as further detailed in our Group Security Procedure.

---

## Responsible Marketing

Group Companies and Employees shall ensure the responsible marketing of Group products, as governed by our Responsible Marketing Principles (RMP) which are independent from the SoBC.

---

## Media and Use of Social Media

If you are contacted by a journalist or media outlet for comment, please refer such requests to your local External Communications team (the Group press office can be contacted at [press\\_office@bat.com](mailto:press_office@bat.com)).

Certain uses of social media by Employees can pose risks to BAT's assets and reputation. Employees must exercise good judgment when using social media.



**We must all know, understand, and follow the SoBC or local equivalent.**





# The Role of Line Managers

Our SoBC, policies, and procedures apply to everyone, whatever their role or seniority. Managers are key role models of the SoBC. If you manage people, you must ensure that all your line reports read the SoBC and receive the guidance, resources, and training they need to understand what is expected of them.

If you are a line manager, you have an additional duty to escalate any concerns brought to your attention to Legal Affairs. Those who ignore such concerns, or stop or discourage someone from Speaking Up, could face disciplinary action.

## Line Managers are Expected to:

- know BAT's ethos and stand up for what is right;
- coach their team to ensure they know how to 'Deliver with Integrity' and recognize consistent behaviors;
- role model respect in the workplace;
- foster an environment in which their team feels free to raise concerns without fear of retaliation; and
- raise concerns when appropriate to do so.

## No Exception or Compromise

No line manager has authority to order or approve any action contrary to the SoBC, or against the law. In no circumstances will we allow our standards to be compromised for the sake of results. How you deliver is as important as what you deliver.

If a manager orders you to do something in breach of the SoBC or the law, raise this with higher management, your local Legal Counsel or a 'Designated Officer' ([gdo@bat.com](mailto:gdo@bat.com)). You can also report the matter through our **confidential Speak Up hotline** if you do not feel able to speak to someone internally ([bat.com/speakuphotlines](https://bat.com/speakuphotlines)).

# Using Your Own Ethical Judgment

Our SoBC cannot cover every possible situation you may encounter, and it's important that you know how to choose the right course of action. If you are in an ethically difficult or uncertain situation, follow the guide below.

## Step One



Is it legal and consistent with our internal rules and guidance?

YES →

NO / NOT SURE



**If no, do not proceed.**

You must not break the law, and you must comply with all policies and procedures referred to in the SoBC.



## Step Two



Does it feel right and fair?

YES →

NO / NOT SURE



**If no, do not proceed.**

We must always act with integrity and do the right thing, even when no one is looking.



## Step Three



Would you be comfortable if your action was reported in a newspaper, or you had to explain your conduct to your Leadership Team?

YES →

NO / NOT SURE



**If no, do not proceed.**

If you're uncomfortable, it's probably not the right thing to do.



If you are not sure, please speak to your line manager, Legal Counsel, or higher management.



- 1. Introduction
- 2. **Speak Up**
- 3. Social and Environment
- 4. Personal and Business Integrity
- 5. External Stakeholders
- 6. Corporate Assets and Financial Integrity
- 7. National and International Trade
- 8. Glossary

# 2

# Speak Up

---

12 Speak Up

---





# Speak Up

It can take courage to Speak Up about wrongdoing. The Speak Up process is there to support you in doing so, and give you trust and confidence in how we will treat your concerns.

## We Encourage You to Speak Up

Anyone working for or with the Group who is concerned about actual or suspected wrongdoing at work (whether in the past, occurring, or likely to happen) should Speak Up.

This includes Employees, contractors, contingent workers, business partners, customers, Suppliers, and their workers.



## Examples of Wrongdoing

### Examples of wrongdoing include:

- criminal acts, including theft, fraud, bribery, corruption, and violation of sanctions;
- endangering the health or safety of an individual or damaging the environment;
- bullying, harassment (including sexual harassment) and discrimination in the workplace, modern slavery or other human rights abuses;
- accounting malpractice or falsifying documents;
- other breaches of the SoBC or other global policies, principles, or standards of the Group;
- failing to comply with any legal obligation, by act or omission;
- a miscarriage of justice;
- concealing any wrongdoing; and
- causing others to commit any of the above.

Wrongdoing does not include situations where you are unhappy with your personal employment position or career progress. Grievance procedures are available in such cases, and details on how to raise a grievance are available from HR.

If you are a line manager, you have an additional duty to escalate any concerns brought to your attention to Legal Affairs. Those who ignore such concerns, or stop or discourage someone from Speaking Up, could face disciplinary action.

## Who You Can Speak to

You have several options to raise your concerns, and you can use the one you are the most comfortable with:

- a Designated Officer;
- an HR manager or Legal Counsel;
- your line manager; and
- our confidential, independently managed external Speak Up channels ([www.bat.com/speakup](http://www.bat.com/speakup)), which are operated independently of management, enable you to raise concerns online or via telephone (anonymously if you prefer).

Four senior Group executives act as our Group Designated Officers. Anyone can raise a concern with them directly.

They are:

- the AGC Business Integrity and Compliance: Tamara Gitto;
- the Company Secretary of British American Tobacco p.l.c.: Caroline Ferland;
- the Group Head of Internal Audit: Graeme Munro; and
- the Group Head of Reward: Jon Evans.

You can contact them by email ([gdo@bat.com](mailto:gdo@bat.com)), phone (+44 (0)207 845 1000) or by writing to them at British American Tobacco p.l.c., Globe House, 4 Temple Place, London, WC2R 2PG.



## Investigations and Confidentiality

No matter how you choose to Speak Up, your identity will be kept confidential as we fairly and objectively investigate your concerns.

Where appropriate, BAT will take action which may include disciplinary action against individuals found to have breached the SoBC.

**Where feasible and appropriate, you will also receive feedback on the outcome of the investigation, if we are able to contact you.**

You can read more about how we will escalate and investigate your concerns in the **Group SoBC Assurance Procedure**.

## Designated Officers and SoBC Assurance Procedure

We have Designated Officers responsible for receiving concerns, based locally throughout the world.

This SoBC policy is supplemented by the **Group SoBC Assurance Procedure**, which sets out in more detail how concerns or allegations of breach of the SoBC are escalated and investigated. The **Group SoBC Assurance Procedure** forms an integral part of the SoBC and must be complied with as if it was part of the SoBC.

## Protection for Those Who Speak Up

You will not suffer any form of reprisal (whether directly or indirectly) for speaking up about actual or suspected wrongdoing, even if you are unsure.

We do not tolerate any retaliation, harassment, or victimization of anyone who raises a concern, provides assistance to those raising concerns or participates in an investigation. Such conduct is itself a breach of the SoBC and will be treated as a serious disciplinary matter.



## Who to Talk to

---

Your line manager

---

Higher management

---

Your local Legal Counsel

---

Head of Corporate Compliance:  
[sobc@bat.com](mailto:sobc@bat.com)

---

Speak Up Portal: [bat.com/speakup](https://bat.com/speakup)

---

Speak Up Hotlines:  
[bat.com/speakuphotlines](https://bat.com/speakuphotlines)

---

- 1. Introduction
- 2. Speak Up
- **3. Social and Environment**
- 4. Personal and Business Integrity
- 5. External Stakeholders
- 6. Corporate Assets and Financial Integrity
- 7. National and International Trade
- 8. Glossary

# 3

# Social and Environment

---

16 **Our People: Respect in the Workplace**

---

18 **Human Rights**

---

21 **Health, Safety, and Welfare**

---

23 **Environment**

---





# Our People: Respect in the Workplace

We must treat all of our colleagues and business partners inclusively, with dignity and respect.

## What we Believe

We believe that fundamental labor rights should be respected, including freedom of association, the elimination of all forms of forced or compulsory labor and child labor, and the elimination of discrimination in respect of employment and occupation.

Our policy on people and human rights practices is based on local and international labor laws, recommended practices and guidelines<sup>1</sup>.

We comply with all applicable labor laws and regulations.

Diversity is a key principle of our ethos.

<sup>1</sup> The International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Corporations.



---

## Promoting Equality and Diversity

**We are dedicated to providing equal opportunities to, and fair treatment of, all our Employees, and to creating an inclusive workforce by promoting employment equality.**

Diversity is a key principle of our ethos. Our Group-wide diversity and inclusion strategy focuses on ensuring all of our Employees can flourish. **We respect and celebrate each other's differences, and value what makes each of us unique.**

We must treat colleagues as we expect to be treated, respect their characteristics and opinions, and not practice any form of unlawful discrimination.

Discrimination can include (but is not limited to) allowing race, ethnicity, color, gender, age, disability, sexual orientation, gender identity or expression, class, religion, politics, marital status, pregnancy status, union membership, smoking habits, or any other characteristic protected by law to influence our judgment

when it comes to the recruitment, development, advancement, or exit of any Employee.

This reflects our support for ILO Convention 111 which sets out fundamental principles concerning the elimination of discrimination in the workplace.

To foster transparency and to hold ourselves accountable, we publish an Annual Diversity and Inclusion Report which details our global diversity and inclusion strategy, as well as our gender and ethnicity pay reporting.

---

## Preventing Harassment and Bullying

**All aspects of harassment and bullying are completely unacceptable. We are committed to removing any such actions or attitudes from the workplace.**

Harassment and bullying include, but are not limited to, any form of sexual, verbal, non-verbal, and physical behavior, which is abusive, humiliating, or intimidating.

If we witness or experience such behavior, or behavior that is unacceptable in any other way, we should report it to our line manager. We seek to provide a climate of confidence where Employees can raise issues, and aim for a swift resolution to the satisfaction of all concerned.

Employees can raise issues through local grievance procedures or Group Speak Up channels.

---

## Fair Wages and Benefits

**We are committed to providing remuneration that is fair, clear, and equitable.**

Group Companies must comply with all minimum wage legislation, and our strategy is for reward levels to be competitive within the local area.

---

## Supporting Flexible Working

**We are committed to supporting flexible working for our Employees.**

Group Companies must comply with all applicable working time laws, taking account of any legally mandated maximum working hours requirements.



# Human Rights

We must always conduct our operations in a way that respects the human rights of our Employees, the people we work with, and the communities in which we operate.

## What we Believe

**We believe that fundamental human rights, as affirmed by the Universal Declaration of Human Rights, should be respected.**

Our policy on people and human rights practices is based on local and international labor laws, recommended practices and guidelines<sup>2</sup>.

We comply with all relevant applicable labor laws and regulations.

<sup>2</sup> Our human rights strategy focuses on strong policies, good due diligence and (where required) remediation. It is aligned to the UN Guiding Principles for Business and Human Rights (UNGPs), the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Corporations.

## No Child Labor

**We are working toward zero child labor in our supply chain. The welfare, health, and safety of children are paramount at all times. We recognize that the development of children, their communities, and their countries is best served through education.**

We support ILO Conventions 138 and 182 which set out fundamental principles concerning the minimum age for admission to employment and for the elimination of the worst forms of child labor.

As such:

- any work which is considered hazardous or likely to harm the health, safety, or morals of children should not be done by anyone under the age of 18; and
- the minimum age for work should not be below the minimum age for work under local law or below the legal age for finishing compulsory schooling and, in any case, not less than the age of 15.

We expect our Suppliers and business partners to align with our minimum age requirements, as set out in our **Supplier Code of Conduct**. This includes, where local law permits, that children between the ages of 13 and 15 years may do light work, provided it does not hinder their education or vocational training, or include any activity which could be harmful to their health or development (for example, handling mechanical equipment or agrochemicals). We also recognize training or work experience schemes approved by a competent authority as an exception. However, we also recognize the value and contributions of family farms, and the foregoing principles are not intended to prohibit children from performing appropriate help on their family's farm in compliance with local laws and practices.

## Human Rights Management

**We are committed to respecting human rights in our sphere of influence, including our supply chain.**

Our business and supply chain covers several industries with inherent human rights risks and considerations, including agriculture, electronics, and manufacturing. We want to focus on our industry-specific human rights issues and what matters most to people across our supply chain and business operations. To do this, we undertake a defined process aligned to the UNGPs and focus on strong policies, good due diligence, appropriate monitoring and reporting, and (where required) effective remediation. We engage to understand the views of and impacts upon our key stakeholders and reflect them in our related human rights programmes.

For example, all our Suppliers are expected to meet the requirements of our Supplier Code of Conduct, and this is incorporated into our contractual arrangements with Suppliers.

We have a range of due diligence processes that apply to our tobacco and product materials supply chain, as well as our own business operations, and we report in our Combined Annual and ESG Report. As far as possible, our due diligence procedures enable us to monitor the effectiveness of, and compliance with, our policy commitments and our **Supplier Code of Conduct**, as well as to identify, prevent, and mitigate human rights risks and impacts.

We are committed to fully investigating and remediating any human rights issues identified in our operations or supply chain, and to strive for continuous improvement. If we identify human rights breaches in relation to a Supplier, but there is no clear commitment to corrective action, persistent inaction, or a lack of improvement, then our work with that Supplier should cease.



## Freedom of Association

**We respect freedom of association and collective bargaining.**

Our workers have the right to form and join a trade union of their choice, to be represented by trade unions or other bona fide representatives, and to not join a trade union, within the framework of law, regulation, prevailing labor relations and practices, and agreed Company procedures. Such workers should not be discriminated against, and should be able to carry out their lawful activities in the workplace without detriment within the framework of law, regulation, prevailing labor relations and practices, and agreed Company procedures.

Supplier partners are also expected to respect workers' rights to freedom of association and to bargain collectively, and are expected to consult workers on matters related to their employment and safety.

## No Modern Slavery or Exploitation of Labor

**We are committed to ensuring our operations are free from slavery, servitude, and forced, compulsory, bonded, involuntary, trafficked, or exploited labor. Group Companies and Employees (and any employment agencies, labor brokers or third parties they retain to act on our behalf) will not:**

- require workers to pay recruitment fees, take out loans or pay unreasonable service charges or deposits as a condition of employment; and
- withhold, or require workers to surrender identity papers, passports, or permits as a condition of employment.

Where national law or employment procedures require use of identity papers, we will use them strictly in accordance with the law. Identity papers should only ever be retained or stored for reasons of security or safekeeping and only with the informed, genuine, and written consent of the worker. The worker should have unlimited access to retrieve them, at all times, without any constraints.

## Local Communities

**We seek to identify and understand the unique social, economic, and environmental interests of the communities we operate in.**

We seek to identify specific human rights risks that may be relevant for, or impacted by, our operations and supply chain. In doing so, we will seek the views of our stakeholders, including Employees and their representatives.

We will take appropriate steps to ensure that our operations do not cause or contribute to human rights abuses, and to remedy any adverse human rights impacts directly caused by our actions.

We recognize we have an important role to play in delivering a positive social impact across our supply chain. For example, we support and work with farmers in enhancing their livelihoods and food security. Our community programmes help to build long-term resilience for rural communities. Our approach is underpinned by our Community Investment Framework.

We encourage our Employees to play an active role both in their local and business communities. Group Companies should seek to create opportunities for skills development for Employees and within communities where we operate, and aim to work in harmony with the development objectives and initiatives of host governments.



**All our Suppliers are expected to meet the requirements of our Supplier Code of Conduct, and this is incorporated into our contractual arrangements with Suppliers.**



# Health, Safety, and Welfare

We must provide, and maintain,  
safe and healthy working conditions.

## What we Believe

We place a high value on the health, safety, and welfare of our Employees, and the prevention of injuries and ill-health. We strive towards a Group-wide zero accident workplace.

Our **Group Health and Safety Policy** is based on local and international labor laws and standards<sup>3</sup>, and is designed to meet or exceed the requirements of applicable health and safety laws and regulations in the countries in which we operate.

<sup>3</sup> ILO Occupational Safety and Health Management Systems and ISO 45001 Occupational Health and Safety Management.

## Health and Safety Management

We recognize the importance of the health, safety, and welfare of all our Employees, contractors, and non-Company personnel in the successful conduct of our business.

Group Companies must:

- adopt health and safety procedures consistent with our Group Health and Safety Policy and our Global EHS Policy Manual or national law (whichever is the most stringent).

All Group Employees must:

- take reasonable care of the health and safety of themselves and others while at work;
- cooperate fully in all health and safety-related matters;
- not interfere with or misuse equipment provided for safety; and
- report any unsafe conditions in accordance with our **Global EHS Policy Manual**.

## Safeguarding Employee Well-being

We place a high value on the well-being of our Employees, and are committed to providing a safe working environment to prevent accidents and injury, and to minimize occupational health risks.

We will work continuously to maximize the physical security of our Employees worldwide, ensuring that our policies and standards are understood, and that training is provided, so everyone is aware of the health, safety, and security issues and requirements relevant to their work.







# Environment

We are committed to excellence in environmental management across our business operations and throughout the wider supply chain that we influence.

## What we Believe

We believe that good environmental management is not only the right thing to do, but also makes sound business sense given how much we depend on natural resources for our products.

Our **Group Environment Policy Statement** is based on local and international labor laws, recommended practices and standards<sup>4</sup>.

We comply with all applicable environmental laws and regulations.

<sup>4</sup> ISO Environmental Management System 14001.

## Protecting the Environment

### Group Companies must:

- adopt environmental procedures consistent with our **Group Environment Policy** and our **Global EHS Policy Manual** or **national law** (whichever is the most stringent).

Group Employees are encouraged to contribute to our environmental management programmes by:

- understanding their personal environmental impact, identifying opportunities to use resources responsibly, and supporting the achievement of BAT's environmental objectives;
- ensuring they are familiar and comply with all environmental laws and regulations and our **Global EHS Policy Manual**;
- ensuring that our Suppliers and partners comply with the minimum standards for environmental sustainability set out in our **Supplier Code of Conduct**; and
- reporting any non-conformances in accordance with the **Global EHS Policy Manual**.

Our **Environment Policy Statement** has the following priority areas:

- tackling climate change;
- eliminating waste and progressing toward a circular economy;
- protecting biodiversity and forests; and
- water stewardship.

All Employees are encouraged to undertake the **Environmental Sustainability Foundation Programme**, available on our Employee learning platform, the **GRID**.



### Who to Talk to

---

Your line manager

---

Higher management

---

Your local Legal Counsel

---

Head of Corporate Compliance:  
[sobc@bat.com](mailto:sobc@bat.com)

---

Speak Up Portal: [bat.com/speakup](https://bat.com/speakup)

---

Speak Up Hotlines:  
[bat.com/speakuphotlines](https://bat.com/speakuphotlines)



- 1. Introduction
- 2. Speak Up
- 3. Social and Environment
- 4. Personal and Business Integrity
- 5. External Stakeholders
- 6. Corporate Assets and Financial Integrity
- 7. National and International Trade
- 8. Glossary

# 4

# Personal and Business Integrity

---

26 Conflicts of Interest

---

30 Anti-Bribery and Corruption

---

32 Gifts and Entertainment (G&E)

---







# Conflicts of Interest

As Employees, we owe a duty to BAT to advance its interests. We must avoid conflicts of interest in our business dealings, and disclose personal circumstances where a conflict may arise. To conduct our business with integrity, conflicts of interest must be managed effectively.

## Acting in our Company's Best Interests

We must avoid situations where our personal interests may, or may appear to, conflict with the interests of the Group or any Group Company.

Many situations or relationships have the potential to create a conflict of interest. The most common types of conflicts are set out on pages 28 and 29.

Generally speaking, a conflict of interest is a situation where our position or responsibilities within the Group present an opportunity for us or someone close to us to obtain personal gain; or benefit (apart from the normal rewards of employment); or where there is opportunity for us to prefer our personal interests, or the interests of those close to us, above our duties and responsibilities to the Group.

## Disclosing Conflicts of Interest

**When first joining BAT, or as soon as a conflict arises, you must disclose the conflict in the SoBC Portal. If you do not have access to the SoBC Portal, you should disclose the situation to your line manager.**

If you're not sure if a conflict exists, you should disclose it anyway. The appearance of a conflict of interest can create concerns, even where a conflict may not exist. You should err on the side of disclosure, so that higher management are made aware of the situation.

Following disclosure, your line manager will assess if there is any potential risk to BAT associated with the conflict, and if any steps may need to be taken to manage or mitigate any risk. In some instances, any risk to BAT's interests may be so remote that no steps need to be taken.

However, if BAT's interests could be negatively impacted by the conflict, conditions may need to be applied. This could include changes to your role or reporting line or your account responsibilities, or a requirement

that you abstain from dealings with a particular customer or Supplier, or that you not have a supervisory relationship with a BAT Employee. If you are a line manager, and you are unsure whether the declared interest presents any risk, or requires conditions to mitigate it, you should read **Conflicts of Interest: A Guide for Line Managers**, and if you are still unsure, seek advice from higher management or your local Legal Counsel.

Directors of Group Companies must disclose conflicts to, and seek formal approval from, the Board of the Company at its next meeting.

**We must also regularly review and update any disclosed conflicts and required mitigating conditions.**

## Recording Conflicts of Interest

**Managers should ensure that any conflicts of interest disclosed to them are entered into the SoBC Portal or, where Employees do not have access to the SoBC Portal, notified to their local Legal Counsel or Company Secretary.**

What follows are some of the more common types of conflicts of interest. Other situations could also create conflicts of interest. If you have any questions about whether your particular situation creates a conflict of interest, please talk with your line manager or Legal Counsel.



**When first joining BAT, or as soon as a conflict arises, you must disclose the conflict in the SoBC Portal. If you do not have access to the SoBC Portal, you should disclose the situation to your line manager.**

## Family or Personal Relationships

**Working with Close Relatives can create conflicts of interest, whether the Close Relative is also an Employee of the Group, works for one of our competitors or business partners, or is a Public Official who could impact BAT's business.**

You must disclose if you have any Close Relatives working in the Group. Intimate relationships with others who work at BAT can also lead to a conflict of interest, or the appearance of one. If you are in such a situation, you should disclose the relationship.

In the course of your work, you should not have the ability to hire, supervise, affect terms and conditions of employment or influence the management of Close Relatives or those with whom you are in an intimate relationship. It is not acceptable for a line manager and a report to be Close Relatives, or in an intimate relationship. Your manager will inform you of the mitigation steps for your particular situation.

You must also disclose if you are in an intimate relationship with, or have any Close Relatives who, to the best of your knowledge, work or perform services for, or have a material financial interest in, or hold

a senior position in, any competitor, Supplier, customer, Community Investments, or other business or organization with which the Group has significant dealings.

If you have business involvement with a Close Relative at a customer, Supplier, or Community Investments, or with any business or Community Investments in which your Close Relative holds a material financial interest or senior position, management may need to make changes to your role or account responsibilities.

You must also disclose if you have any Close Relatives who are Public Officials, and if they occupy a role in which they could have an influence on BAT's business.

It is not necessary for the individual in question to be a high-ranking decision-maker. You should disclose if the Public Official has a role in which they could have an influence on BAT's business (this would normally exclude, for example, a school teacher, prison guard, fireman, or a nurse employed by the state). If you are in any doubt as to whether disclosure is necessary, please consult with your local Legal Counsel.

## Financial Interests

**You must disclose, for yourself and for any Close Relatives living in your household:**

- all financial interests in a competitor; and
- any financial interest in a Supplier or customer if you have any involvement in the Group's dealing with that Supplier or customer or supervise anyone who does.

**You do not need to disclose publicly traded mutual funds, index funds, and similar pooled investments, where you have no say in what investments are included.**

'Material financial interest' means any financial interest that may, or may appear to in the Group Company's opinion, influence your judgment.

**You must not hold material financial interests in:**

- a Supplier or customer if you have any involvement in the Group's dealings with that Supplier or customer, or supervise anyone who does; or
- a competitor of the Group, or any business conducting activities against the Group's interests.

You may be permitted to retain a material financial interest in a competitor, provided that you acquired it before joining the Group, disclosed it in writing to your employing company prior to your appointment, and your employing company has not objected. Prior ownership of such an interest by a director of a Group Company must be reported to its board and minuted at the next board meeting.

If in any doubt, seek further guidance from your local Legal Counsel.



## Outside Employment

**You must not work for or on behalf of a third party without first disclosing your intention to do so and obtaining written approval from line management.**

If you are a full-time Employee, such work must not take a significant amount of time, should not be in agreed working hours, and should not impact your performance or in any way interfere with your duties and responsibility to the Group Company.

**Some situations are never permissible. For example, you may not work for a competitor of any Group Company or a customer or Supplier you deal with in the course of your work.**

‘Working for or on behalf of a third party’ means taking on a second job, serving as a director or consultant, or otherwise performing services for any organization outside the Group (including charitable or not-for-profit organizations). It does not include unpaid voluntary work you may carry out in your own time, as long as this does not interfere with your duties and responsibilities to the Group.

## Other Types of Conflicts of Interest

**While these examples set out the most common types of conflicts of interest, conflicts can arise in a variety of other situations. For example, a conflict can arise when Community Investments (including charitable contributions) are made by the Group to an organization with which you have close ties, or when you seek to take business opportunities for your own personal benefit, which you became aware of through your work for BAT.**

The key question to ask is whether your personal interests or those of a Close Relative could conflict with your duty to act in BAT’s best interests. If your judgment or decision-making on behalf of BAT could be impacted by the personal interest, you should disclose the interest.





# Anti-Bribery and Corruption

BAT has a zero tolerance approach and is committed to working against bribery and corruption in all forms. It is wholly unacceptable for Group Companies, Employees or our business partners to be involved or implicated in any way in bribery or other corrupt or criminal practices, including fraud, embezzlement, or extortion.

## What is a Bribe?

A bribe includes any gift, payment, or other benefit (such as hospitality, kickbacks, a job offer/ work placement, or investment opportunities) offered in order to secure an advantage (whether personal or business-related). A bribe need not have been paid or received; even the act of offering, asking for, or agreeing to accept a bribe is enough.



You must never offer, promise, or give any gift, payment, or other benefit to any person (directly or indirectly), including a Public Official, to induce or reward Improper Conduct by any person or improperly influence, or intend to improperly influence, any decision by a Public Official to our advantage.



## No Bribery

Under the laws applicable to the Group, bribing a Public Official is a crime, regardless of the country, local laws, or customs. It is also a crime to bribe employees or agents engaged in private business (such as our Suppliers).

You must never:

- offer, promise, or give any gift, payment or other benefit to any person (directly or indirectly), including a Public Official, to induce or reward Improper Conduct by any person or improperly influence, or intend to improperly influence, any decision by a Public Official to our advantage; or
- ask for or accept, agree to accept, or receive any gift, payment, or other advantage from any person (directly or indirectly) as a reward or inducement for Improper Conduct or which improperly influences, or gives the impression that it is improperly intended to improperly influence, decisions of the Group.

There are severe potential consequences for breaches of anti-bribery laws, for both the Group and individuals.

## No Facilitation Payments

You must not make facilitation payments (directly or indirectly), other than where necessary to protect the health, safety, or liberty of any Employee.

Facilitation payments are small payments made to smooth or speed up performance by a low-level official of a routine action to which the payer is already entitled. They are illegal in most countries.

BAT does not permit facilitation payments, except in exceptional circumstances where the health, safety, or liberty of an Employee is at risk. In those situations, we involve local Legal Counsel (if possible, before any payment is made). The payment must also be fully documented in the Group Company's books.

A published, well-documented expediting fee paid directly to a government or state-owned enterprise (not an individual) is not typically considered a facilitation payment under anti-corruption laws.

## Maintaining Adequate Procedures

Group Companies can be held to account for corrupt acts by Employees and third-party service providers acting on their behalf. Consequently, Group Companies are expected to implement and operate controls which ensure that improper payments are not offered, made, asked for or received, by individuals and companies performing services on their behalf.

Controls should include:

- 'know your Supplier' and 'know your customer' procedures, including the **Third-Party AFC Procedure**, which are all proportionate to the risk involved;
- anti-corruption provisions in contracts with third parties which are appropriate for the level of bribery and corruption risk involved in the service and can result in termination if breached;
- where appropriate, anti-corruption training and support for staff who manage Supplier relationships;

- prompt and accurate reporting of the true nature and extent of transactions and expenses; and
- applying the **M&A Transactions Compliance Procedure** to applicable transactions, including possible joint-venture arrangements. This includes risk assessments for ethical-related risks.

## Books, Records, and Internal Controls

Group business records must accurately reflect the true nature and extent of transactions and expenditure. We must maintain internal controls to ensure that financial records and accounts are accurate in accordance with applicable anti-corruption laws and best practices.





# Gifts and Entertainment (G&E)

Occasional offering or acceptance of business-related Gifts or Entertainment can be an acceptable business practice. However, improper or excessive Gifts and Entertainment can be a form of bribery and corruption, and cause serious harm to BAT.



Group Companies must not offer or promise to our independent external auditors any G&E that may create a conflict of interest or put their independence at risk.

## Offering and Receiving G&E

### Any Gifts and Entertainment you offer, give or receive must:

- never be given/accepted if it can constitute bribery and corruption, as defined in the Anti-Bribery and Corruption chapter in this SoBC;
- be given/accepted in an open way;
- be lawful in all relevant jurisdictions, and not prohibited by the other party's organization;
- not involve parties engaged in a tender or competitive bidding process;
- not have, or be capable of being seen to have, a material effect on a transaction involving any Group Company;
- not be a gift of cash or cash redeemable equivalent (vouchers, gift certificates, loans, or Securities);
- not be asked for or demanded;
- not be offered for something in return (i.e. offered with conditions attached);
- not be, or give the appearance of being, lavish or inappropriate (disrespectful, indecent, sexually explicit, or might otherwise reflect on any Group Company poorly, having regard to local culture);
- be approved in writing in advance (where approval is required by this chapter and/or additional local requirements);
- be expensed in accordance with the applicable business expense policies and procedures; and
- in addition, all G&E above the Threshold for Public Officials and Private Sector Stakeholders must be recorded and approved in the **G&E Tracker**.

## G&E to Public Officials

It is prohibited to directly or indirectly seek to influence a Public Official or obtain a specific business advantage by providing G&E (or other personal advantage) to them or a Close Relative, friends or associates.

Regulatory engagement is part of our business. Providing or receiving G&E (within the stated Thresholds) in this context may be permissible. However, extra care must be taken, as many countries do not allow their Public Officials to accept G&E and anti-bribery laws are often strict.

**We may offer or accept any G&E to or from a Public Official without prior approval, provided that it is:**

- below the Threshold value of £20 per individual per instance (or lower local equivalent); and
- lawful, infrequent, and appropriate.

**We must seek prior written approval in the G&E Tracker from our line manager and our local Legal Counsel, for the offering or accepting of any G&E to/from Public Officials (or their Close Relatives) above the £20 Threshold up to £200.**

**The offering/receiving of G&E to/from a Public Official (or their Close Relatives) over £200 would only be appropriate if exceptional circumstances arise and requires prior approval in the G&E Tracker (as further detailed in the G&E Procedure).**

## When Offering or Accepting G&E, Consider:

- **Intent:** Is the intent only to build or maintain a business relationship or offer normal courtesy? G&E designed to influence the recipient's objectivity in making a specific business decision will never be appropriate
- **Legality:** Is it legal in your country and in the country of the other party? If not, it is not appropriate
- **Value:** Is the market value reasonable (i.e. not lavish/extravagant) and proportionate to the intent to build or maintain a business relationship or offer a normal courtesy? If not, it is not appropriate
- **Frequency:** Has the Group Company given G&E to the recipient infrequently?
- **Transparency:** Would you or the recipient be embarrassed if your manager, colleagues or anyone outside the Group knew about the G&E? If yes, it is not appropriate.

## G&E To and From Independent External Auditors

Group Companies must not offer or promise to our independent external auditors any G&E that may create a conflict of interest or put their independence at risk (see G&E Procedure for further guidance on G&E involving external auditors). KPMG is the current independent external auditor for the Group and the majority of Group Companies.

## Private Sector Stakeholders

We may offer or accept any G&E to/from a Private Sector Stakeholder without prior approval, provided that it is:

- below the Threshold value of £200 per individual per instance (or lower local equivalent); and
- lawful, infrequent, and consistent with reasonable business practice.

We must seek prior written approval via the G&E Tracker:

- from our line manager for the offering or accepting of any G&E above the £200 Threshold.

Always note:

- when approving requests, approvers must be satisfied that the proposed G&E does not contravene any of the expectations set out above and, in particular, that the timing and/or wider context could not be perceived to suggest that any decision could be influenced by the G&E;

- there could be exceptional circumstances where pre-approval is not possible. Approval must be requested as soon as possible, and no more than seven days after G&E was given or received, with written justification provided as to why pre-approval was not requested or obtained;
- line managers, in consultation with local Legal Counsel, will determine what is to be done with any G&E offered to or received by Group Company Employees exceeding the applicable Thresholds. Generally, such G&E should be refused or returned. If this would be inappropriate or cause offence, the G&E may be accepted on the basis that it becomes the property of the relevant Group Company;
- you should never avoid your obligation to seek necessary G&E approval by paying for it personally or having someone else pay for it;
- all G&E must be expensed in accordance with the appropriate business expense policies and procedures;
- in no circumstance should Entertainment occur at BAT's expense without the presence of BAT personnel;
- for the avoidance of doubt, G&E should not be broken down into smaller amounts/values, in order to circumvent the Thresholds in this chapter;
- G&E should generally be directed to those with whom BAT has a business relationship and not their friends or relatives. But if friends, relatives, or other guests of an individual attend, the costs should be aggregated for the purposes of the Thresholds in this chapter;
- refer to the **G&E Procedure** for further guidance on exceptional approvals and blanket approvals which may be available in certain limited circumstances; and
- additional information is available in the **G&E Procedure** and **G&E FAQs**.



## G&E from Group Companies

There are no restrictions on Employees accepting G&E from a Group Company. Group Companies should ensure that any such G&E are legitimate, appropriate, and proportionate.



Extra care must be taken, as many countries do not allow their Public Officials to accept G&E and anti-bribery laws are often strict.

## Keeping a Formal Record and Monitoring

Each Group Company shall be responsible for the maintenance and monitoring of the G&E Tracker for Public Officials, and ensure that a record of Private Sector G&E and a register of all G&E above the Threshold levels are maintained in the G&E Tracker.



### Who to Talk to

Your line manager

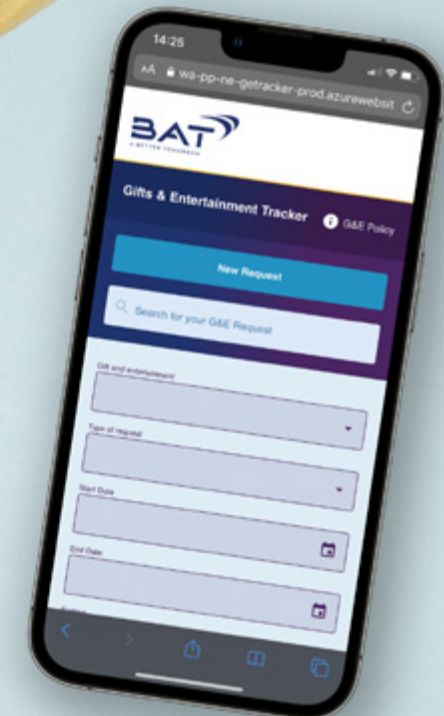
Higher management

Your local Legal Counsel

Head of Corporate Compliance:  
[sobc@bat.com](mailto:sobc@bat.com)

Speak Up Portal: [bat.com/speakup](https://bat.com/speakup)

Speak Up Hotlines:  
[bat.com/speakuphotlines](https://bat.com/speakuphotlines)



Access the G&E Tracker at  
[www.bat.com/ge](https://www.bat.com/ge)

- 1. Introduction
- 2. Speak Up
- 3. Social and Environment
- 4. Personal and Business Integrity
- **5. External Stakeholders**
- 6. Corporate Assets and Financial Integrity
- 7. National and International Trade
- 8. Glossary

# 5

# External Stakeholders

---

37 **Lobbying and Engagement**

---

39 **Political Contributions**

---

41 **Community Investments**

---





# Lobbying and Engagement

BAT is committed to corporate transparency. As a responsible company all our engagement activities with external stakeholders must be conducted with transparency, openness, and integrity. We have a legitimate contribution to make to policy-related debate that affects our operations, and our Employees are required to engage in accordance with this chapter<sup>5</sup>.

## The Group has a Legitimate Role to Play

Civic participation is a fundamental aspect of responsible business and policymaking, and BAT Employees must participate in the policy process in a transparent and open manner, by complying with all laws and regulations of the markets in which they operate, including all lobbying registration and reporting requirements.

Our engagement with politicians, policymakers, and regulators is focused on providing them with accurate information, conveyed in a transparent manner. This creates a strong foundation on which external stakeholders can make policy decisions.

---

<sup>5</sup> This Lobbying and Engagement chapter is based on the Organization for Economic Cooperation and Development's (OECD) Principles for Transparency and Integrity in Lobbying.



## Transparency and High Professional Standards

When engaging with external stakeholders, Group Companies and Employees must ensure that:

- they participate in the policy process in an open and transparent manner, by complying with the laws and regulations of the markets we operate in;
- they always identify themselves by name and corporate affiliation;
- they comply with our Anti-Bribery and Corruption chapter of this SoBC, including that they do not directly or indirectly offer or give any payment, gift, or other benefit to improperly influence any decision by any person to the advantage of the Group or any Group Company;
- they do not ask for or wilfully obtain from any person, confidential information belonging to another party, or obtain information by any dishonest means;
- they do not induce any person to breach a duty of confidentiality; and
- they offer constructive solutions that will best meet the objectives of regulation, while minimizing any negative unintended consequences.

## Third Parties

BAT does support third parties on policy issues of mutual interest. In such cases, Group Companies and Employees must ensure that:

- they publicly acknowledge support of third-party organizations, subject to commercial confidentiality requirements and data protection laws;
- they never ask a third party to act in any way that contravenes this Lobbying and Engagement chapter or the Anti-Bribery and Corruption chapter of this SoBC; and
- they require all third parties to comply with laws and regulations of the markets in which they operate governing lobbying registration and reporting requirements.

## Accurate and Complete Communication

When conducting external engagement activities, Employees must endeavor to:

- share accurate and complete information with regulators, politicians, and policymakers to best inform decision-making.

## Financial Travel Support to Public Officials

It is prohibited to provide financial travel and/or accommodation support to Public Officials (e.g. to pay for their travel/accommodation to attend an event or business meeting). If an exceptional circumstance arises which warrants a request for this rule to be varied, then it must be approved by the Group Head of Government Affairs and the AGC Business Integrity and Compliance in accordance with the G&E Procedure.



When engaging with external stakeholders, Group Companies and Employees must ensure that they participate in the policy process in an open and transparent manner, by complying with the laws and regulations of the markets we operate in.



# Political Contributions

Political contributions must only be made in strict accordance with the law and this chapter (or local equivalent).

## Contributing for the Right Reasons

Where legal, Group Companies may make contributions to political parties and organizations, to the campaigns for candidates for elective office (corporate contributions to candidates for federal office in the United States are strictly prohibited), and to other entities that may legally participate in political-related activities, or to support political issues, provided that such payments are not:

- made to achieve any improper business or other improper advantage, or to improperly influence any decision by a Public Official to the advantage of any Group Company; and
- intended personally to benefit the recipient or his or her family, friends, associates, or acquaintances.

It is not permissible for a Group Company to make a political contribution if the contribution itself is intended to improperly influence a Public Official to act or vote in a particular way, or otherwise assist to improperly secure a decision by the Public Official to the advantage of the company or the Group.

When approving political contributions, the boards of Group Companies (or the person(s) authorized by the board of the applicable Group Company to provide such approval) should ensure that they comply with these requirements and document this appropriately.

## Strict Authorization Requirements

All political contributions must be:

- Lawful;
- authorized in advance by the board of the relevant Group Company (or by person(s) authorized by the board of the relevant Group Company) in compliance with the delegated authorities policies and procedures of the applicable Group Company;
- fully recorded in the company's books; and
- if required, placed on public record.

Strict procedures must be followed when there is a proposal to make a contribution to any organization within the UK or the United States engaged in political activity (especially if originating from a Group Company located outside the jurisdiction). This is due to laws having extraterritorial effect and a very broad definition of 'political organization'.

The foreign contribution ban in the US is particularly strict and must be adhered to carefully.

Before any political contribution is made within the UK, the AGC Business Integrity and Compliance must be notified.

## Personal Political Activity

**As individuals, we have a right to participate in the political process. As Employees, if we undertake any personal political activities, we must:**

- do so in our own time, using our own resources. Examples of BAT resources that cannot be used for personal political activity include company email, computers, phones, printers, copiers, etc.;
- minimize the possibility of our own views and actions being misconstrued as those of any Group Company; and
- take care that our activities do not conflict with our duties and responsibilities to the Group.

If we plan to seek or accept public office, we should notify our line manager in advance, discuss with them whether our official duties may affect our work, and cooperate to minimize any such impact.

Personal political contributions to candidates or other political organizations in the US may only be made by US citizens or permanent residents (green card holders) in accordance with law and using their own funds. It is not permissible to seek reimbursement from a Group

Company for any personal political contributions.

Foreign nationals are prohibited from directing, dictating, controlling or directly or indirectly participating in the decision-making process of any US election-related activities on behalf of a Group Company in the US or any related political committee.

Such activities include the making or directing of contributions, donations, expenditures, or disbursements in connection with any federal or non-federal elections in the US or decisions concerning the administration or management of any political committee.

## Political Committees

**Where legal, and in compliance with the SoBC, Group Companies may support political committees connected with the Group and conduct activities as permitted by the laws and regulations (including reporting requirements) governing such political committees.**

In the US, federal law and certain state laws permit corporate funds to be used in the formation and administration of Political Action Committees, or PACs, which can receive voluntary political contributions from eligible Employees and their families. All such voluntary contributions received must be accounted for in separate, segregated funds, strictly apart from those of any Group Company. Approved Employees who are U.S. citizens or permanent residents may administer, contribute, and participate in the activities of a PAC connected to Group Companies.





# Community Investments

We recognize the role of business as a corporate citizen, and Group Companies are encouraged to support local Community Investments and charitable projects.

## What we Believe

'Community Investments' are voluntary activities, beyond our commercial and core business activities and our legal obligations, that contribute to the economic, social, and environmental sustainability of the countries and communities in which we operate.

These investments address a wide range of issues and causes in the communities where we operate, often involving charities, non-government organizations (NGOs) and 'civil society', and include expenditure on community projects or charitable contributions, in-kind donations and Employee volunteering.



**Group Companies should not make any community investment without first applying the compliance requirements detailed in the Group Community Investment Framework.**

## Supporting Local Communities

As an international business, BAT plays an important role in many countries, and Group Companies have built close ties with the communities in which they operate. We have a long-standing approach to supporting and giving back to these communities through our Community Investments.

The **Group Community Investment Framework** sets out how Group Companies must develop, deliver, and monitor Community Investments, aligned with the UN Sustainable Development Goals.



### Who to Talk to

Your line manager

Higher management

Your local Legal Counsel

Head of Corporate Compliance:  
[sobc@bat.com](mailto:sobc@bat.com)

Speak Up Portal: [bat.com/speakup](https://bat.com/speakup)

Speak Up Hotlines:  
[bat.com/speakuphotlines](https://bat.com/speakuphotlines)

## Fully Recording What we Give

Any Community Investments by a Group Company must be fully recorded in the company's books and, if required, placed on public record either by the company or the recipient.

Group Companies should ensure that Community Investments they report for ESG reporting purposes are consistent with those they report through Finance, for financial and statutory reporting purposes.

## Government Officials, State-Owned Enterprises (SOEs) and Equivalent Public Bodies

Additional due diligence and risk mitigation steps are required if contributions are to be made to a government organization, SOE or equivalent public body (including in response to a request from government to provide funding to assist disaster relief efforts), applying the due diligence and governance approach detailed in the **Group Community Investment Framework**, and supporting **Annexure**.

Group Companies must take care to ensure that such government organization, SOE or equivalent body is genuine, and that the Community Investments contribution benefits the general public and not Public Officials and their families.

**We must not contribute to a Public Official's personal or affiliated charity.**

Community Investments must never be used as an indirect means to make political contributions, to seek political influence, to induce or reward Improper Conduct, or in lieu of payment through BAT's usual payments processes for services provided to BAT.

## Verifying Reputation and Status

Group Companies should not make any community investment without first applying the due diligence and governance approach detailed in the **Group Community Investment Framework**, and the **Due Diligence and Governance Annex**, in order to verify the recipient's reputation and status.

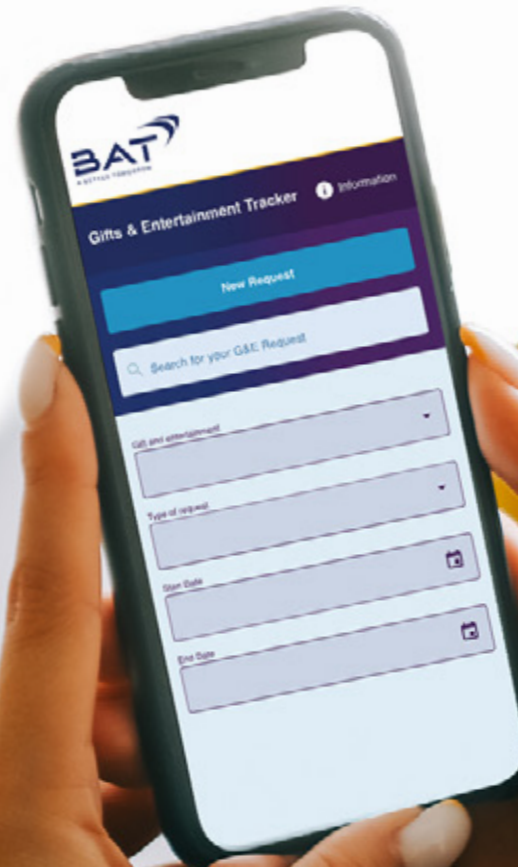
Before making any contribution, Group Companies are expected to satisfy themselves that the recipient is acting in good faith and with sustainability objectives, such that the contribution will not be used for any improper purposes.

In countries where charitable organizations and/or NGOs are required to register, Group Companies should verify their registered status before making a contribution.

# G&E: If you give or take it, please track it

You can access the Gifts and Entertainment Tracker at [www.bat.com/ge](http://www.bat.com/ge) or via the top menu in the SoBC app\*

\* while on the BAT network





- 1. Introduction
- 2. Speak Up
- 3. Social and Environment
- 4. Personal and Business Integrity
- 5. External Stakeholders
- **6. Corporate Assets and Financial Integrity**
- 7. National and International Trade
- 8. Glossary

# 6

# Corporate Assets and Financial Integrity

- 
- 45 Accurate Books and Records

---

  - 48 Protection of Corporate Assets

---

  - 51 Data Privacy, Ethics, and Artificial Intelligence

---

  - 52 Cybersecurity, Confidentiality, and Information Security

---

  - 55 Insider Dealing and Market Abuse

---





# Accurate Books and Records

Honest, accurate, and objective recording and reporting of financial and non-financial information is essential to the Group's reputation, its ability to meet its legal, tax, audit and regulatory obligations, and for supporting business decisions and actions by Group Companies.

## Accurate Information and Data

**All data that we create, whether financial or nonfinancial, must accurately reflect the transactions and events covered.**

We must follow applicable laws, external accounting requirements, and Group procedures for reporting financial and other business information.

This applies whether the data is in paper or electronic form, or any other medium.

Failing to keep accurate records is contrary to Group policy, and may also be illegal.

There is never any justification for falsifying records or misrepresenting facts.

Such conduct may amount to fraud and result in civil or criminal liability.

## Records and Information Management

In order to comply with our legal and regulatory obligations, we are required to keep certain information for defined periods of time and must not delete or dispose of such information before any retention periods have expired. Examples include (but are not limited to) tax information, financial statements, contracts or agreements, certain marketing information, and HR documentation. In addition, privacy laws may mean that we cannot hold people's information for any longer than necessary.

We are all responsible for managing records and information in accordance with the **Group Records & Information Management Procedure**, which sets out the rules for all Employees. It is also important that we recognize that certain records and information may need to be kept beyond the normal retention period for legal reasons, such as those under a 'Hold Order'. If you are informed that you may have information subject to a Hold Order, you must not alter, destroy, or delete it in any way.

## Third-party Communications Applications

In our efforts to collaborate with our colleagues and third parties, non-BAT communications applications hosted by third parties, such as Instant Messaging or personal email applications, can be a popular channel for communication.

However, the use of Third-Party Communications Applications for work can pose risks to the Company in the context of cybersecurity and our ability to adhere to records and information management obligations.

We recognize that there are exceptional occasions where using such communications channels may be critically required (e.g. broadcast messaging for health and safety purposes when no other channel is available). These exceptions are set out in the **Group Records & Information Management Procedure**.

Save for those permitted exceptions, the use of Third-Party Communications Applications for any work-related communications is strictly prohibited.

## Documenting Transactions

All transactions and contracts must be properly authorized at all levels and accurately and completely recorded.

All contracts entered into by Group Companies, whether with another Group Company or a third party, must be evidenced in writing.

If we are responsible for preparing, negotiating, or approving any contract on behalf of a Group Company, we must make sure that it is approved, signed, and recorded in accordance with the relevant contracts approval policy and procedures.

All documents prepared by a Group Company in connection with sales of its products, whether for domestic or export, must be accurate, complete, and give a proper view of the transaction.

All documentation must be retained (together with relevant correspondence), where required for possible inspection by tax, customs, or other authorities, in line with the requirements of the **Group Records & Information Management Procedure** and any applicable local laws.

## Cooperating with External Auditors

We must cooperate fully with the Group's external and internal auditors, and ensure that all information held by them which is relevant to the audit of any Group Company (relevant audit information) is made available to that company's external auditors.

Our obligation to cooperate fully with external auditors is subject to legal constraints, for example, in the case of legally privileged documents.

Otherwise, we should respond promptly to any request by external auditors and allow them full and unrestricted access to relevant staff and documents.

Under no circumstances should we provide information to external or internal auditors which we know (or ought reasonably to know) is misleading, incomplete, or inaccurate.



---

## Following Accounting Standards

Financial data (e.g. books, records, and accounts) must conform both to generally accepted accounting principles and to the Group's accounting and reporting policies and procedures.

Group Companies' financial data must be maintained in line with the generally accepted accounting principles applying in their country of domicile.

For Group reporting, data must be in line with the Group's accounting policies (IFRS) and procedures.



**All data that we create, whether financial or non-financial, must accurately reflect the transactions and events covered.**





# Protection of Corporate Assets

We are all responsible for safeguarding and making appropriate use of Group assets we are entrusted with.

## Acting in our Company's Best Interests

We must ensure Group assets are not damaged, misused, misappropriated, or wasted, and must report their abuse or misappropriation by others.

Group assets include physical and intellectual property, funds, time, proprietary information, corporate opportunity, equipment, and facilities.

## Devoting Sufficient Time to our Work

**We are all expected to devote sufficient time to our work to fulfil our responsibilities.**

While at work, we are expected to be fully engaged and not to undertake personal activities beyond a modest level that does not interfere with our job. This includes any permitted additional remunerated role (which is permitted under our Conflict of Interest chapter) which may demand time which could interfere with our daily role at BAT.

## Guarding Against Theft and Misuse of Funds

**We must protect Group funds and safeguard them against misuse, fraud, and theft. Our claims for expenses, vouchers, bills, and invoices must be accurate and submitted in a timely manner.**

'Group funds' means cash or cash equivalent belonging to a Group Company, including money advanced to us and company credit cards we hold.

Fraud or theft by Employees could result in their dismissal and prosecution.

## Protecting our Brands and Innovations

**We must protect all intellectual property owned within the Group.**

Intellectual property includes patents, copyrights, trademarks, design rights, and other proprietary information.

## Securing Access to our Assets

**We must protect information that may be used to provide access to Group assets.**

Always maintain the security of any information used to access Company property and networks, including building access cards, ID, passwords, and codes.



## Respecting the Assets of Third Parties

We must never knowingly:

- damage, misuse, or misappropriate the physical assets of third parties;
- infringe valid patents, trade marks, copyrights or other intellectual property in violation of third parties' rights; and
- perform unauthorized activities which adversely impact the performance of third parties' systems or resources.

We should show the same respect to the physical and intellectual property of third parties that we expect them to show towards the Group's assets.



**Group assets include physical and intellectual property, funds, time, proprietary information, corporate opportunity, equipment and facilities.**

## Using Company Equipment

We must not use company equipment or facilities for personal activities, other than as set out below and in line with company policy and the Acceptable Use of Technology Procedure.

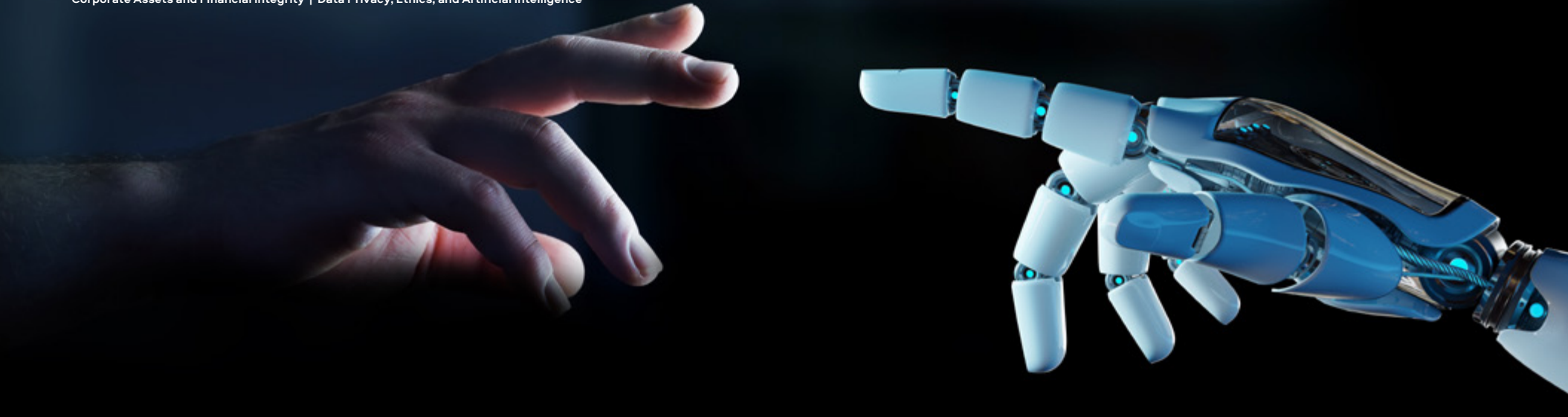
Limited, occasional, or incidental personal use of Company equipment and systems issued or made available to us is permitted, provided that it:

- is reasonable and does not interfere with the proper performance of our job;
- does not have an adverse impact on the performance of our systems; and
- is not for any illegal or improper purpose.

Reasonable and brief personal phone, email and internet use is permitted. Improper uses include:

- communication that is derogatory, defamatory, sexist, racist, obscene, vulgar, or otherwise offensive;
- improperly disseminating copyrighted, licensed, or other proprietary materials;
- transmitting chain letters, adverts, or solicitations (unless authorized); and
- visiting inappropriate internet sites.





# Data Privacy, Ethics, and Artificial Intelligence

We are committed to using data and technological innovation in a way that is legally compliant, ethical, and responsible. We protect personal data from unauthorized access, use, or disclosure, and consider data privacy laws when utilizing and handling data (including personal data.)

As a global company holding a significant volume of information about individuals (such as Employees and consumers), Group Companies and their Employees must ensure that they handle people's data fairly, lawfully, and reasonably, in accordance with local data protection laws and the Group Data Privacy Procedure.

More broadly, data and innovation are a critical part of our business and of our future success. We encourage everyone to be bold and innovative, but we must also recognize that we have a responsibility to use data ethically and responsibly.

What this means in practice is that we must follow the principles and guidance set out in the **Group Data Privacy Procedure** and the **Data Ethics and Artificial Intelligence Procedure** which are designed to provide frameworks for how we as a business utilize and handle data (including personal data) and foster innovation (such as artificial intelligence) in an ethical way. We are committed to using data and technology in a way that is not only legally compliant, but which also upholds our ethical values and ethos.

We must be mindful that in some jurisdictions certain laws may impose additional requirements, and we will handle all data (including personal) in accordance with all such applicable laws.



# Cybersecurity, Confidentiality, and Information Security

We protect confidential information and IT systems from unauthorised access, use or disclosure, and we maintain the confidentiality of all commercially sensitive information, trade secrets, and other confidential information relating to the Group and its business.

## Managing Cybersecurity and Reducing Security Risk

The Group uses technological measures, processes, and policies to reduce cybersecurity risk, and all Group Employees and contractors have an individual and collective responsibility to act in a way that reduces our cybersecurity risk. This includes:

- complying with the **IDT Security Procedure** at all times;
- exercising a high level of care, professionalism, and good judgment in accordance with applicable laws; and
- collecting, storing, accessing, and transmitting personal data and confidential information only as permitted by the Group, including as per the **Group Data Privacy Procedure** and **Acceptable Use of Technology Procedure**.

Failure to take appropriate steps to protect the confidentiality, integrity, and availability of personal data, confidential information and Group IT systems could threaten the Group's continuity of operations, confidentiality obligations, proprietary information, reputation, and may jeopardize our ability to comply with regulatory and legal obligations.



## Security Awareness

Most security incidents are caused or enabled by human error which includes unintentional actions or failure to take proper action that cause, spread, or allow a security incident to take place.



**We must not request or obtain from any person confidential information belonging to another party.**

## Confidential Information

Confidential information is any information, material, or knowledge not generally available to the public that relates to the Group, our Employees, customers, business partners, or others we do business with. Confidential information may prejudice the Group's interests if disclosed to third parties.

The way we obtain, use, or otherwise handle confidential information, whether relating to the Group or third parties, can also breach applicable laws or other Group policies.

Examples of confidential information include:

- sales, marketing, and other corporate databases;
- pricing and marketing strategies and plans;

- confidential product information and trade secrets;
- research and technical data;
- new product development material;
- business ideas, processes, proposals, or strategies;
- unpublished financial data and results;
- company plans;
- personnel data and matters affecting Employees; and
- software licensed to or developed by a Group Company.

## Disclosing Confidential Information

**We must not disclose confidential information relating to a Group Company or its business outside the Group without authorization from higher management and only:**

- to agents or representatives of a Group Company owing it a duty of confidentiality and requiring the information to carry out work on its behalf;
- under the terms of a written confidentiality agreement or undertaking; and
- under the terms of an order or request of a competent judicial, governmental, regulatory, or supervisory body, having notified and received prior approval from your local Legal Counsel.

If confidential information is to be transmitted electronically, then technical and procedural standards should be applied, and agreed with the other party where possible.

**We should be mindful of the risk of unintentional disclosure of confidential information through discussions or use of documents in public places.**

## Access to and Storage of Confidential Information

Access to confidential information relating to a Group Company or its business should only be provided to Employees requiring it, in order to carry out their work.

We must not take home any confidential information relating to a Group Company or its business without making adequate arrangements to secure that information.

For further guidance, please contact Legal Affairs.

## Use of Confidential Information

We must not use confidential information relating to a Group Company or its business for our own financial advantage or for that of a friend or relative (see 'Conflicts of Interest').

Particular care must be taken if we have access to 'Inside Information', which is confidential information relevant to the price of shares and Securities in public companies. For further details, see 'Insider Dealing and Market Abuse'.

## Third-party Information

We must not request or obtain from any person confidential information belonging to another party. If we inadvertently receive information which we suspect may be confidential information belonging to another party, we should immediately notify our line manager and local Legal Counsel.

## Information Security Incidents

Employees and contractors are required to immediately report any potential or actual loss of, or any attempted or actual unauthorized access to or alteration of, confidential information or personal data to the local IDT Security Team.

If you become aware of any such incident which may involve data that could be considered 'sensitive' (e.g. all personal data, financial data, etc.), you must immediately report it to your local IDT Security or Legal Affairs team (e.g. Data Privacy Counsel and/or Data Protection Officer). Confidential business information should not be shared on public platforms, applications, or other unapproved technology solutions.



# Insider Dealing and Market Abuse

We are committed to supporting fair and open Securities markets throughout the world. Employees must not deal in shares or other Securities of British American Tobacco p.l.c. (the 'Company') on the basis of Inside Information, or engage in any form of Market Abuse.

Find the definition of Inside Information in the Glossary.

## Market Abuse

We must not commit any form of Market Abuse, including:

- improper disclosure of Inside Information;
- dealing in Securities on the basis of Inside Information ('insider dealing');
- misuse of Inside Information; and
- engaging in market manipulation.

Market Abuse (committing it or encouraging it in others) is illegal.

For more information about behavior that may constitute Market Abuse or insider dealing in the UK, see the **British American Tobacco Code for Share Dealing** (the 'Code').



## Handling Inside Information

If you have or receive information that may be Inside Information relating to the Company, and your role within the Group does not involve you having or receiving such information, you must immediately inform the Group Company Secretary.

If your role does involve you having or receiving such information, you must follow applicable requirements and Group processes.

Care is needed when handling Inside Information, as its misuse could result in civil or criminal penalties for the Group and the individuals concerned.

If you have or receive information relating to any other publicly traded Group Company that matches or is similar to the definition of 'Inside Information', or if you are unsure, immediately inform the Company Secretary of the company concerned.

Any Inside Information (or similar), whether relating to a publicly traded Group or non-Group Company should be treated with the utmost confidentiality.

## Responsible Share Dealing

We must not deal in the Securities of the Company, or encourage others to so deal, while having Inside Information relating to it.

If you intend on dealing in the Securities of the Company, then you must comply with local share dealing laws and the 'Code', which applies to all Employees, contractors, and Directors of the Company.

Similarly, we must not deal in the Securities of any other publicly traded Group or non-Group Company, or encourage others so to deal, while having Inside Information (or similar) relating to that company. We must comply with all applicable share dealing laws and requirements.



**Care is needed when handling Inside Information, as its misuse could result in civil or criminal penalties for the Group and the individuals concerned.**



### Who to Talk to

Your line manager

Higher management

Your local Legal Counsel

The Group Company Secretary

Head of Corporate Compliance:  
sobc@bat.com

Speak Up Portal: [bat.com/speakup](https://bat.com/speakup)

Speak Up Hotlines:  
[bat.com/speakuphotlines](https://bat.com/speakuphotlines)

- 1. Introduction
- 2. Speak Up
- 3. Social and Environment
- 4. Personal and Business Integrity
- 5. External Stakeholders
- 6. Corporate Assets and Financial Integrity
- 7. National and International Trade
- 8. Glossary

# 7

# National and International Trade

- 58 Competition and Antitrust
- 62 Sanctions and Export Controls
- 64 Anti-Illicit Trade
- 66 Anti-Tax Evasion and Anti-Money Laundering





# Competition and Antitrust

We believe in free competition. Group Companies must compete fairly and ethically, in line with competition (or 'antitrust') laws.

## How Competition Law Affects our Business

Competition law impacts on almost all aspects of our activities, including sales and display, our relationships with Suppliers, distributors, customers and competitors, M&A transactions, our negotiation and drafting of contracts, and when we are deciding pricing strategy, commercial strategy, and trading conditions. The law is sometimes linked to market conditions, which will affect how a competition issue is approached, such as: market concentration; product homogeneity and brand differentiation; or regulation, including advertising restrictions, display bans, and public smoking bans.

Some behaviors are prohibited irrespective of market conditions.



## Commitment to Fair Competition

We are committed to vigorous competition and to complying with competition laws in each country and economic area in which we operate. Many countries have laws against anticompetitive behavior. They are complex and vary from one country or economic area to another, but failing to comply with them can have serious consequences.

## Collusion

We must not collude with our competitors (directly or indirectly via any third party) to:

- fix prices or any element or aspect of pricing (including rebates, discounts, surcharges, pricing methods, payment terms, the timing, level, or percentage of price changes, or terms of employment);
- fix other terms and conditions;
- divide up or allocate markets, customers, or territories;
- limit or prevent production, supply, or capacity;
- influence the outcome of a competitive bid process;
- agree a collective refusal to deal with certain parties, including no-hire agreements; and
- exchange commercially sensitive information or otherwise restrict competition.

## Meeting with Competitors

Any meeting or direct or indirect contact with competing manufacturers should be treated with extreme caution. We must keep careful records of them, and break off if they are, or they may be seen as, anticompetitive.

The same approach should be taken with other companies if the contact relates to competition between them and us.

Not all arrangements with competitors are problematic. Legitimate contact can be in the context of trade associations, certain limited information exchange, and joint initiatives on regulatory engagement or public advocacy.

Similarly, some agreements with competitors may restrict competition but be legal if the wider benefits outweigh any harm. Specialist legal advice must be sought before considering any arrangement with competitors, to ensure it does not restrict competition or risk being viewed as collusive.

## Competitor Information

We may only gather information about our competitors by legitimate legal means, and in compliance with competition law.

Obtaining competitor information directly from competitors is never justifiable, save for very limited and exceptional circumstances.

Gathering competitor information from third parties (including customers, consultants, analysts, and trade associations) often raises complex local legal issues and should only be undertaken with proper legal advice.

## Dominant Position

Where a Group Company has 'market power', it will typically have a special duty to protect competition and not to abuse its position.

The concepts of 'dominance', 'market power' and 'abuse' vary widely from country to country.

Where a Group Company is considered to be dominant in its local market, it will generally be limited in its ability to engage in practices, such as exclusivity arrangements, loyalty rebates, discriminating between equivalent customers, charging excessively high or low (below cost) prices, tying or bundling together different products, or otherwise unfairly taking advantage of its market position.

## Resale Restrictions

Certain restrictions between parties in different levels of the supply chain, such as resale price maintenance provisions between a Supplier and a distributor or reseller, may be unlawful.

Restrictions on our customers' ability to resell into territories or to certain customer groups may be a serious competition issue in certain countries.

Resale price maintenance is where a Supplier seeks to, or does in fact, control or influence (including indirectly, through threats and/or incentives) the prices at which its customers resell its products.

Rules on resale price maintenance and resale restrictions vary across the world. If relevant to your role, you need to be familiar with the rules applicable in the countries for which you are responsible.

## Mergers and Acquisitions (M&A)

Where Group Companies are involved in mergers and acquisitions, mandatory filings may have to be made in one or more countries before the transaction completes (whether under competition laws, foreign investment laws, or otherwise).

Filing obligations vary from country to country, but should always be checked in the context of mergers, acquisitions (of assets or shares), joint ventures, including minority investments, and other changes in control.

All Group Companies must manage the flow of information appropriately in transactions and follow the **M&A Transactions Compliance Procedure**.

## Seeking Specialist Advice

If we are involved in business activities where competition laws may be relevant, we must follow regional, area, or market guidelines that give effect to Group policy and the law in this area, and consult with our local Legal Counsel.

We should not assume that competition law will not apply simply because there are none in effect locally. Many countries, such as the US and within the EU, apply their competition laws extraterritorially (where conduct occurs, and where it has effect).

---

## Exchanging Salary Information and ‘No Hire’ Agreements

We cannot make agreements or otherwise collude with competitors regarding wages and benefit levels. Sharing competitively sensitive wage and benefits information with competitors can also raise competition issues, and you should always check with Legal Counsel for specialist advice before considering such activities.

Agreements among competitors not to hire, poach, or solicit each other’s employees can also raise competition concerns, unless they are reasonably related to legitimate transactions. You should always check with Legal Counsel for specialist advice before considering such activities.

‘Competitors’ in the human resources context includes a much wider range of companies/ organizations in other industries and sectors, because we are competing in a much wider market for talent.



We should not assume that competition law will not apply simply because there are none in effect locally.

Many countries, such as the US and within the EU, apply their competition laws extraterritorially (where conduct occurs, and where it has effect).







# Sanctions and Export Controls

We are committed to ensuring that our business is conducted in compliance with all applicable sanctions and export control regimes, and that we do not engage in any transactions where it is prohibited to do so.

Sanctions prohibit nearly all direct and indirect activities and transactions with Sanctioned Territories and Sanctioned Parties if such conduct is within the jurisdiction of the relevant government authority. We operate worldwide and are subject to several sanctions regimes, which may differ in their scope, jurisdiction, and restrictions.

Under certain circumstances, a Group Company may lawfully do business with a Sanctioned Territory or Sanctioned Party; however, such business must be approved by Legal Affairs in writing after thoroughly conducting the requisite analysis.

## Awareness of, and Compliance with, Sanctions and Export Controls

**We must be aware of, and fully comply with, all applicable sanctions regimes and export controls affecting our business. We must ensure that we never directly or indirectly:**

- supply our products or services, or allow our products or services to be supplied, to any person;
- purchase goods or services from any person; or
- otherwise deal with any person or property in contravention of any applicable sanctions, trade embargo, export controls, or other trade restriction.

Sanctions may be imposed by individual countries, such as the US or UK, or supranational bodies, such as the UN and EU.

Sanctions do not just target whole countries with economic, trade, or diplomatic restrictions. Increasingly, they capture direct or indirect dealings with sanctioned individuals, companies, organizations, and groups located worldwide and sanctioned for a variety of different policy reasons. Some sanctions target dealings with particular industry sectors. Some sanctions regimes are very

broad; for example, US sanctions can apply even to non-US persons, such as BAT, when acting entirely outside the United States. In particular, US sanctions prohibit the use of US dollars and US banks even for payments between non-US parties involving Sanctioned Territories or Sanctioned Parties, as well as exports/re-exports/transshipments of US-origin products and products with US-origin content to or for Sanctioned Territories or certain Sanctioned Parties. Even where there is no US nexus, the US Government can and does impose retaliatory sanctions on persons it considers to provide material support for Sanctioned Parties.

Separate from sanctions, export controls impose licensing obligations on the cross-border movement of certain types of items. Where export controls apply to a particular item, we must always ensure that we have the appropriate licence(s) in place before exporting it.

Breaching sanctions and export controls carries serious penalties, including fines, loss of export licences, and imprisonment for individuals, in addition to significant reputational harm.

Our vendors can also restrict us from using their products and services in connection with or from Sanctioned Territories, even if lawful for the Group.

## Steps to Ensure Full Compliance

**In line with the Sanctions Compliance Procedure, Group Companies' and business units' internal controls must minimize the risk of breaching sanctions and export controls, and provide training and support to ensure that Employees understand them and implement them effectively, particularly where their work involves international financial transfers or cross-border supply or purchase of products, technologies, or services.**

The list of Sanctioned Territories and Sanctioned Parties changes frequently. If our work involves the sale or shipment of products, technologies, or services across international borders, we must keep up-to-date with the rules and at all times fully comply with our **Sanctions Compliance Procedure**.

Despite sanctions being in place, exceptions exist and it can still be lawful for us to engage in business that directly or indirectly involves or benefits a Sanctioned Territory or Sanctioned Party. However, the legal analysis is complex and we must also take into account broader risk considerations, so legal approval is required before we conduct any business involving a Sanctioned

Territory or Sanctioned Party. We must also consult with Legal Affairs where there are red flags for a transaction that may involve a Sanctioned Territory or Sanctioned Party.

All Group Companies must follow the **M&A Transactions Compliance Procedure**.

We must also notify our local Legal Counsel immediately if we receive any sanctions-related communications or requests from official bodies or our business partners (including our banks). Our banks (and other vendors) often have expectations beyond the law which we address through our transparency requirements. We must ensure that we are transparent with our banks and other business partners about whether we intend to involve them in activities that are sanctions sensitive. In particular, we must never hide or disguise the fact that a particular business activity is sanctions sensitive.

For more information on sanctions and measures we take to mitigate these risks, see the **Sanctions Compliance Procedure**.



# Anti-Illicit Trade

Illicit trade in smuggled or counterfeit products harms our business while diversion of our genuine products harms BAT's reputation. We must play our part to stop it.

## We do not Condone or Tolerate any Involvement in Illicit Trade in our Products

### We must ensure that:

- we do not knowingly engage in unlawful trade in the Group's products;
- our business practices only support legitimate trade in Group products; and
- we collaborate with authorities in any investigation of illicit trade.

The illicit tobacco trade has a negative impact on society. It deprives governments of revenue, encourages crime, misleads consumers into buying poor quality products, undermines the regulation of legitimate trade, and makes it more difficult to prevent underage sales.

It also harms our business and our reputation, it devalues our brands and our investment in local operations and distribution.

High excise taxes, differential tax rates, weak border controls, and poor enforcement all contribute to illicit trade. We fully support governments and regulators in seeking to eliminate it in all its forms (while ensuring this is done in a lawful manner and in line with our zero tolerance for any form of bribery and corruption, given the heightened bribery and corruption risks in dealings with Public Officials).



## Maintaining Controls to Prevent and Deter Illicit Trade in our Products

**We must maintain controls designed to deter our products being sold unlawfully by our customers or diverted into illicit trade channels.**

**These controls should include:**

- implementing the **Supply Chain Compliance Procedure**, ‘know your customer’ and ‘know your Supplier’, including the **Third-Party AFC Procedure** and any other relevant measures, to ensure supply to markets is commensurate with legitimate demand; and
- procedures for investigating, suspending, and terminating dealings with customers or Suppliers suspected of involvement in illicit trade.

**‘Know your customer’ and ‘know your Supplier’, including the Third-Party AFC Procedure and the Supply Chain Compliance Procedure, are important procedures. They are necessary for ensuring that Group products are only sold to reputable customers, made using reputable Suppliers**

**and in quantities reflecting legitimate demand.**

We must make our position on illicit trade clear to our customers and Suppliers. Wherever possible, we should seek contractual rights to investigate, suspend, and cease our dealings with them if we believe they are involved, knowingly or recklessly, in illicit trade.

If you suspect Group products have entered illicit trade channels, notify your local Legal Counsel immediately.

## Monitoring and Assessing Illicit Trade in the U.S. Market

**Group Companies in the U.S. should monitor the U.S. market, and assess the extent to which Group products are sold unlawfully or diverted to other countries since such illicit activity weakens the legitimate distribution channel and undermines the integrity of our products.**



**Illicit trade has a negative impact on society. It deprives governments of revenue, encourages crime, misleads consumers into buying poor quality products, harms our reputation, undermines the regulation of legitimate trade, and makes it more difficult to prevent underage sales.**





# Anti-Tax Evasion and Anti-Money Laundering

Tax evasion means deliberately or dishonestly cheating the public revenue or fraudulently evading tax in any jurisdiction. It is also an offence to facilitate the evasion of tax by third parties.

Money laundering is concealing or converting illegal funds or property or making them look legal. It includes possessing or dealing with the proceeds of crime. Alongside money laundering, terrorist financing makes use of financial system weakness to provide funds and other assets to terror groups.

We must play no part in these activities.

## No Involvement in Tax Evasion or the Facilitation of Tax Evasion

### We must not:

- evade taxes or facilitate tax evasion by another person (including another Group entity or any third party); and
- provide any assistance to someone who we know, or suspect, is engaged in tax evasion.

### We must:

- be aware of, and fully comply with, all taxation laws in jurisdictions where we operate; and
- account for and pay all taxes that are properly due.

It is a crime for any company or individual to evade taxes. Money not properly paid in tax may constitute the proceeds of crime.

It is also a crime to facilitate tax evasion by another company or individual (including other Group Companies, our Suppliers, customers, and other business partners). This includes helping or asking a third party to evade taxes, being knowingly involved in their tax evasion, or otherwise taking an action that you know or intend will result in tax evasion in any country.

It is important to distinguish between legitimate tax planning and tax evasion, which can be difficult at times. If you are in doubt about the difference between tax planning and tax evasion, you should seek advice from your Legal Counsel.

## Maintaining Controls to Prevent Facilitation of Tax Evasion

**Group Companies can be held responsible for the facilitation of tax evasion by their Employees or other third parties.**

Group Companies must therefore maintain controls to prevent the risk that our Employees or business partners may facilitate tax evasion by another person or company. These controls should include:

- full implementation of Group 'know your customer' and 'know your Supplier' procedures, including the **Supply Chain Compliance Procedure**, to ensure proportionate due diligence is undertaken and appropriate controls are put in place;

- tax compliance and non-facilitation of tax evasion clauses in contracts with third parties, where appropriate;
- conducting and providing appropriate training and support to staff who manage relationships with third parties and/or our own tax obligations; and
- investigating, and if necessary suspending and/or terminating, Employees and third parties suspected of tax evasion or facilitation of tax evasion.

**If you suspect that an Employee, agent, contractor, customer, Supplier, or other business partner is evading taxes or facilitating the evasion of taxes, notify your local Legal Counsel immediately.**



## No Involvement in Dealing with the Proceeds of Crime

### We must not:

- engage in any transaction which we know, or suspect, involves the proceeds of crime (including tax evasion); or
- otherwise be knowingly involved directly or indirectly in money laundering activity.

**We must also ensure that our activities do not inadvertently contravene money laundering laws.**

In most jurisdictions it is a crime for any person or company to engage in transactions involving assets which they know, suspect, or have reason to suspect are derived from crime.

Breaching anti-money laundering laws can result in both corporate liability and personal consequences for individuals.

## Refusing to Accept Large Cash Sums

### We must refuse to accept, or report, the following cash sums:

Group Companies in the EU must not accept cash payments over €10,000 (or equivalent) in any single transaction or series of linked transactions.

Group Companies in the US (or outside the US when engaged in a transaction related to the US) must not accept cash payments over \$10,000 (or equivalent) in any single transaction or series of linked transactions.

Group Companies outside of these jurisdictions should also avoid accepting substantial cash payments.

## Awareness of, and Compliance with, Relevant Anti-Terrorism Measures

### We must ensure that we do not knowingly assist in financing or otherwise support terrorist activity, and that our activities do not inadvertently breach any relevant anti-terrorist financing measures.

Group Companies' internal controls should include checks to ensure that they do not deal with any entity, organization, or individual proscribed by a government or international body due to its known or suspected terrorist links (including through full implementation of our Sanctions and Export Controls chapter of this SoBC and related **Sanctions Compliance Procedures**).

Terrorist groups may use similar methods as those employed by criminal organizations engaged in money laundering. This may include the use of legitimate businesses, from retail outlets to distribution or financial services companies, to finance their networks or otherwise move illicit funds. We

risk inadvertently breaching anti-terrorist financing measures, if we deal with such businesses, organizations, or individuals.

We therefore need to be alert to the possibility that red flags for money laundering could also give rise to red flags of terrorist financing.



**We must be alert to situations which ought to raise our suspicions as regards financial crime.**



## Who to Talk to

---

**Your line manager**

---

**Higher management**

---

**Your local Legal Counsel**

---

**Head of Corporate Compliance:**  
[sobc@bat.com](mailto:sobc@bat.com)

---

**Speak Up Portal:** [bat.com/speakup](https://bat.com/speakup)

---

**Speak Up Hotlines:**  
[bat.com/speakuphotlines](https://bat.com/speakuphotlines)

---

## Minimizing the Risk of Involvement in Financial Crime and Reporting Suspicious Activity

### We must have effective procedures for:

- Minimizing the risk of inadvertent participation in transactions involving the proceeds of crime, including monitoring for illicit money flows and other money laundering/terrorist financing red flags;
- detecting and preventing money laundering by Employees, officers, directors, agents, customers, and Suppliers;
- supporting Employees in identifying situations which ought to give rise to a suspicion of money laundering or terrorist financing; and

- filing required reports relating to money laundering obligations with the appropriate authorities.

Group Companies must ensure that their customer and Supplier approval procedures 'know your customer' and 'know your Supplier' are adequate, risk-based, and ensure as far as possible that customers and Suppliers are not involved in any criminal activity. This must include full implementation of the **Third-Party AFC Procedure**.

We should promptly refer suspicious transactions or activity by any customer or other third party to our General Manager or Head of Function and local Legal Counsel. As a general point, you should not disclose or discuss with other colleagues, except where strictly necessary, that you have raised money laundering concerns, as this may result in a 'tipping off offence' occurring.

## We Must be Alert to Situations which Ought to Raise our Suspicions as Regards Financial Crime, Including the Following Red Flags:

- payments in non-invoice currencies or in cash or cash equivalents;
- payments from multiple sources to satisfy a single invoice, or other unusual payment methods;
- payments to or from an account that is not the normal business relationship account or that is located in a country unrelated to the relevant supply of goods or services;
- requests for overpayments or for refunds following an overpayment;
- payments by, through or to (or requests to supply our products to) unrelated third parties or shell/shelf companies;
- payments or shipments by, through or to companies or individuals established, resident or operating in countries which have the reputation of being 'tax havens', or to bank accounts held in such countries;
- requests to deliver our products to an unusual location, adopt an unusual shipping route, or importing and exporting the same products;
- false reporting, such as misrepresenting prices, misdescribing goods or services we provide, misrepresenting payable tax or shipping and invoice document discrepancies;
- failure by customers and Suppliers to provide appropriate responses to any due diligence questions raised, including any tax registration details;
- suspicion that trade partners are involved in criminal activity, including tax evasion; and
- unusually complex M&A or other transaction structures without clear commercial justification (Group Companies must apply the **M&A Transactions Compliance Procedure** to all relevant transactions).

- 1. Introduction
- 2. Speak Up
- 3. Social and Environment
- 4. Personal and Business Integrity
- 5. External Stakeholders
- 6. Corporate Assets and Financial Integrity
- 7. National and International Trade
- 8. Glossary

# 8

# Glossary

---

71 Glossary Terms

---





# Glossary

## Close Relative

means spouses, partners, children, parents, siblings, nephews, nieces, aunts, uncles, grandparents, grandchildren, and cousins (including where arising by marriage, such as mother-in-law or son-in-law). Close Relative also means any person in the Employee's household.

## Collusion

any arrangement with competitors that could restrict, or aims to restrict, competition. It includes formal and informal agreements whether direct or brokered by a third party, understandings, exchanging commercially sensitive information (directly or indirectly) and decisions/recommendations of trade associations.

## Community Investments

voluntary activities beyond our commercial and core business activities and our legal obligations, that contribute to the economic, social, and environmental sustainability of the countries and communities in which we operate. These investments address a wide range of issues and causes in the communities where we operate, often involving charities, non-government organizations (NGOs) and 'civil society', and include expenditure on community projects or charitable contributions, in-kind donations, and Employee volunteering.

## Dealing

is widely defined in the Code for Share Dealing and includes any sale, purchase, or transfer (including by way of gift), as well as spread bets, contracts for difference or other derivatives involving Securities, directly or indirectly, whether on your own or someone else's behalf.

## Employees

includes, where the context admits, directors, officers, and permanent Employees of Group Companies.

## Entertainment

'Entertainment' includes any form of virtual or face-to-face hospitality, such as food or drink, attendance at any cultural or sporting events, travel or accommodation offered or given to, or received from a person or entity outside of BAT.

## Gifts

includes anything of value, even if the monetary value cannot be easily ascertained, offered or given to, or received from a person or entity outside of BAT that is not Entertainment.

## G&E

means Gifts and/or Entertainment.

## G&E Tracker

an automated prior approval and record-keeping solution, which is mandatory for Public Official and Private Sector Stakeholder G&E above the Threshold.

## Group and BAT

means British American Tobacco p.l.c. and all of its subsidiaries.

## Group Company

means any company in the British American Tobacco Group.

## Improper Conduct

means performing (or not performing) a business activity or public function in breach of an expectation that it will be performed in good faith, impartially or in line with a duty of trust.

## Inside Information

in relation to BAT p.l.c. is information of a precise nature, which is not generally available; relates directly or indirectly to BAT p.l.c. or to its shares or other Securities; and would, if generally available, be likely to have a significant effect on the price of BAT p.l.c.'s shares or other Securities, or related investments.

## Instant Messaging

means any form of instant or temporary messaging between communication devices using third-party applications (including social media direct messaging functionalities) where messages do not facilitate Group records and information management capabilities.

## Market Abuse

means conduct which harms the integrity of financial markets and public confidence in Securities and derivatives.

**M&A Transactions Compliance Procedure** means the **Group Mergers and Acquisitions Transactions Compliance Procedure**.

## Private Sector Stakeholder

shall mean all other entities and individuals excluding Public Officials.

### Public Official

includes anyone employed by or acting for any government or public body/ agency, or anyone performing a public function. This includes, for example, people working for a national, regional or local government, or a public department or agency (such as an official within a government ministry, the military, or police); people holding a public position; employees of state-owned or state-controlled enterprises (e.g. a state-owned tobacco company); employees of public international organizations, such as the United Nations; officials of a political party; candidates for public office; any member of a royal family; and magistrates and judges.

### Record

information in any media created or received by an individual in the course of business regardless of its location or physical form.

### References to ‘laws’

includes all applicable national and supranational law and regulations.

### Sanctioned Party

is an individual or entity with whom business is restricted or prohibited under the sanctions regimes implemented and/or enforced by the UN, US, EU, UK, and other international

organizations and national governments, which includes but is not limited to individuals or entities residing or located in, or organized under the laws of, a Sanctioned Territory, identified on sanctions lists maintained by the foregoing jurisdictions or who are otherwise the subject or target of sanctions.

### Sanctioned Territory

includes territories subject to comprehensive or broad territory-wide sanctions imposed by the UN, US, EU, UK, and/or other international organizations or national governments.

### Securities

is widely defined in the Code for Share Dealing and includes shares (including American Depository Receipts), options, futures and any other type of derivative contract, debts, units in collective investment undertakings (e.g. funds), financial contracts for difference, bonds, notes or any other investments whose value is determined by the price of such Securities.

### SoBC Portal

the platform for capturing, maintaining, and managing the disclosure of conflicts of interest.

### Standards and SoBC

can mean the Group Standards set out in this document and/or Standards adopted locally by a Group Company.

### Suppliers

means any third party that supplies or provides direct product materials or indirect goods or services to any BAT Group company, including consultants, independent contractors, agents, manufacturers, primary producers, sub-contractors, distributors, and wholesalers.

### Tax

all forms of direct and indirect taxes, including corporate and personal income taxes, social security contributions, customs and excise duties, VAT and sales taxes, and any other form of taxes.

### The Company

means British American Tobacco p.l.c.

### Third-Party Communications Applications

means any form of communications (e.g., email, voice memos, chats, or text messages) using third-party applications (including social media applications that have direct messaging functionalities) where such communications cannot be retained or accessed per the **Group Records & Information Management**

**Procedure.** This includes but is not limited to applications such as WhatsApp, WeChat, Facebook, Facebook Messenger, Instagram, iMessage, SMS text messages, Gmail, Yahoo, Hotmail, Telegram, Viber, Signal, and any other similar applications.

**Third-Party AFC Procedure** means the **Group Third-Party Anti-Financial Crime Procedure.**

### Threshold

in relation to G&E offered, given or received, means:

1. **Public Officials:** above £20 – prior approval must be obtained via the G&E Tracker
2. **Private Sector Stakeholders:** G&E above £20 to £200 must be recorded in the G&E Tracker. Above £200 – prior approval must be obtained via the G&E Tracker

Group Companies should provide guidance on what is modest and lawful in their markets, not exceeding these amounts and reflecting local purchasing power and regulations.

# Guidance at your fingertips: download the SoBC app

Scan these QR codes to download, or visit [bat.com/sobc/online](https://bat.com/sobc/online)





# For More Information

**Please contact:**

Head of Corporate Compliance ([sobc@bat.com](mailto:sobc@bat.com))

British American Tobacco p.l.c.

Globe House

4 Temple Place

London WC2R 2PG

United Kingdom

Tel: 44 (0)207 845 1000

**REYNOLDS**  
A BETTER TOMORROW

[bat.com/sobc/online](http://bat.com/sobc/online)